

VZCZCXRO9002
OO RUEH DU RUEH MR RUEH RN
DE RUEH SB #0985/01 3041135
ZNY CCCCC ZZH
O 301135Z OCT 08
FM AMEMBASSY HARARE
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3642
INFO RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE
RUEH AR/AMEMBASSY ACCRA 2400
RUEH DS/AMEMBASSY ADDIS ABABA 2520
RUEH RL/AMEMBASSY BERLIN 1020
RUEH BY/AMEMBASSY CANBERRA 1796
RUEH DK/AMEMBASSY DAKAR 2151
RUEH KM/AMEMBASSY KAMPALA 2576
RUEH NR/AMEMBASSY NAIROBI 5004
RUEA IIA/CIA WASHDC
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK
RHMFISS/EUCOM POLAD VAIHINGEN GE
RHEFDIA/DIA WASHDC
RUEHGV/USMISSION GENEVA 1669
RHEHAAA/NSC WASHDC

C O N F I D E N T I A L SECTION 01 OF 03 HARARE 000985

SIPDIS

AF/S FOR B. WALCH
DRL FOR N. WILETT
ADDIS ABABA FOR USAU
ADDIS ABABA FOR ACSS
STATE PASS TO USAID FOR E. LOKEN AND L. DOBBINS
STATE PASS TO NSC FOR SENIOR AFRICA DIRECTOR B. PITTMAN

E.O. 12958: DECL: 10/29/2018
TAGS: [PGOV](#) [PREL](#) [ASEC](#) [PHUM](#) [SCUL](#) [KDEM](#) [ECON](#) [ZI](#)
SUBJECT: ZIM'S HEARTLAND: DOLLARIZATION AND DESPERATION

Classified By: Ambassador James D. McGee for reasons 1.4(b) and (d).

SUMMARY

11. (SBU) Poloff and public affairs officer traveled to Gweru and Masvingo on October 23 and 24 to speak on U.S. elections (septel) and gather information on the situation in the Zimbabwean heartland. Historically, this region has been home to Zimbabwe's legendary cattle and dairy ranches and fertile green farms. However, the fields in the area are now mostly empty. Poloff visited a school for handicapped children that benefited from a 2007 Ambassador's Self-Help Fund project, which has ground to a halt because of a lack of foreign currency to maintain the grinding mill. Emboffs also spoke with the owners of a successful wildlife park and lodge near Gweru and the director of an NGO in Masvingo. The trip revealed the increasing prevalence of dollarization, challenges accessing food, and the struggles facing Zimbabweans of all classes trying to eke out a living in a collapsed economy. END SUMMARY.

Self-Help Project Flourished, but now Struggles

12. (SBU) In April 2007, the Embassy provided about USD 8,500 from the Ambassador's Self-Help Fund for a maize grinding mill for Madavanhu School, a school in Gweru (Midlands Province) for mentally handicapped children. On October 23, poloff visited the school to meet the director, Lentombi Muzuva, and inquire about the progress of the grinding mill project. Muzuva told poloff that initially the project was a godsend for the school that has 43 students, including 22 that board at the school. They used revenue from the grinding mill to cover day-to-day activities of the school and maintenance for the mill. Revenue covered the salaries for the school's six non-teaching staff (e.g. aides and the school bus driver), and supplemented the salaries for eight teachers (all paid by the GOZ). However, Muzuva reported

erratic electricity had reduced their ability to operate the mill, reducing the mill's income-generating ability. (NOTE: Poloff reviewed the school's books, which confirmed the recent dramatic drop in productivity. END NOTE.) Muzuva also told us that everyone in Gweru now demands foreign currency, including vendors of parts for the grinding mill. Consequently, the school has been unable to perform adequate maintenance. On October 18, one of the parts broke and the school does not have enough funds to replace it. In addition, the school does not have enough money to pay the non-teaching staff's wages for October. Without the grinding mill, the school no longer has any income-generating projects. Muzuva appeared dejected and told poloff she did not know what they would do, since they are legally obligated to pay their staff's wages, but had no way to do so. Muzuva mentioned that until 2007 they also had a revenue-generating chicken-raising project, but that ended when grain to feed the chickens became cost-prohibitive, forcing the school to rely completely on the grinding mill.

13. (C) Muzuva waved her September pay slip of just Z\$17,000 (which was worth just over USD3 at the end of September) and chided, "I guess they only want me to come to work two days this month, since that is all they paid me for." She explained that the only way she makes ends meet is by sewing at home at night, which is increasingly difficult because her eyesight is failing and unreliable electricity makes it difficult to work. Muzuva said that everyone in town, from the auto mechanic to the vegetable vendor, changes their money to South African rand, Botswanan pula, or U.S. dollars

HARARE 00000985 002 OF 003

at the end of each day, to ensure their currency doesn't lose value overnight. Pointing to a photo of the school's previous director, Muzuva explained that she had moved to Canada several years ago and is a successful teacher there. From Canada, she leads a group that informally sponsors the Gweru school, paying for all of the students' school fees and funds projects such as re-tiling the floor in the small dining area. Muzuva walked poloff around the small, clean school and showed off the students' progress in learning to write and perfecting basic motor skills. She pointed out the donations that are vital to the school's survival: the two donated buses (one by the Dutch embassy and one by Cargill cotton company), the food for the children and staff donated by Cargill, school supplies funded by her predecessor in Canada, and woodworking equipment donated by another embassy. Muzuva wondered aloud how she could best benefit the school's children, "I want to be here for the children, but it's impossible to get by anymore. If I went to work in South Africa, I would still be with them in my heart. And I could send money back."

At Least the Lions are Getting Fat

14. (SBU) On the outskirts of Gweru lies a 3,000 acre private wildlife reserve and hotel, Antelope Park. A one-of-a-kind lion breeding facility, the African Lion and Environmental Research Trust (ALERT) that is home to 66 lions is also on-site. On October 23, poloff and public affairs officer met with the owners, Andrew and Charmian Deysel, and one of the ALERT volunteers to discuss Antelope Park's operations. Andrew told emboffs that he had just met with the MDC-dominated Gweru city council to discuss purchase of an adjacent field which would more than double Antelope Park's acreage. To his surprise, the Gweru council also offered him the opportunity to purchase far more land than he initially anticipated, an opportunity he will likely take. The Deysels told poloff that business was good; the lodge was often full with South African mining consultants working at the nearby mines. In addition, volunteers from Australia, Europe, and the U.S. pay room, board, and a donation to volunteer for ALERT. Antelope Park relies heavily on their fees to fund its operations. While Antelope Park has a steady stream of

foreign currency revenue, the Deysels find the local economy challenging. They try to rely on legal means to purchase maize meal for their 200 employees and their families, but often the local Grain Marketing Board (GMB) does not have meal, or is unwilling to sell it to them, forcing them to turn to the black market. Charmian said that in August some of the grain she bought on the black market was in USAID bags. To feed the lions, ALERT relies on cows that die from natural causes on nearby farms. ALERT pays local farmers a "donation" for each cow -- USD5 to USD30 depending on size. Historically, local farmers brought three to four cows per week. However, in recent weeks they had been overwhelmed with three to four dead cows per day. "Our freezers are full of dead cows," Charmian said.

Masvingo: No Rand, No Maize Meal

15. (SBU) On October 24 in Masvingo, bank lines zigzagged on the sidewalks as people waited patiently to withdraw the Z\$50,000 maximum (less than USD1 at the street rate). Poloff met with Sylvester Chin'anga, Director of the NGO Rural Unity for Development (RUDO), a longtime human rights activist and advocate for democracy in rural Zimbabwe. RUDO operates a number of programs in Masvingo related to HIV/AIDS, human rights monitoring, agriculture, and improving livelihoods in

HARARE 00000985 003 OF 003

connection with larger organizations including Oxfam and Amnesty International. Chin'anga told poloff that the local economy had become almost completely dollarized, with nearly all transactions in foreign currency cash -- everything from staples, restaurants, hair cuts, rent, and transportation fees. Perhaps most disturbing, according to Chin'anga, black market vendors have grown so accustomed to raising prices in local currency on a daily basis, that many also do the same with foreign currency.

16. (SBU) He said the Masvingo GMB did not have maize meal, and it is available through the GMB only rarely. When maize meal is available through government channels at regulated prices, Chin'anga said families often can buy only about 10 kgs each in Zimbabwean dollars (at a rate approximately equivalent to USD3), which only lasts a few days for families of six or seven people. In contrast, private millers, who do have maize meal, sell 50kg bags for 250-300 South African Rand (about USD25-30). Chin'anga told poloff that many in Masvingo simply do not have the cash to buy food, and many have resorted to eating local fruits. He praised food distribution programs, such as CARE, that operate in the area, but said that not everyone is reached. He showed us a list of dozens of local teachers seeking inclusion in supplemental feeding programs, because their meager salaries simply don't pay enough.

COMMENT

17. (C) This two day visit to Zimbabwe's once-fertile heartland revealed a microcosm of the problems facing Zimbabweans struggling in an economy that continues to nosedive. The grinding mill project at Mudavanhu school provided exactly the type of income generation that the Ambassador's Self Help Fund is supposed to provide, but even that project has not managed to escape the economy's snare. The plight of teachers and the educational system (septel) who are forced to resort to second jobs and beg for handouts is disturbing not only because of the educational implosion it represents, but also because it is a reflection of the vast number of Zimbabwe's professionals who now feel as devalued as their paychecks. Even if an inclusive government manages to take office soon, it will have years' worth of personal and economic devaluation to undo. END COMMENT.

